Economic Outlook 2010
St. John's Metropolitan Area

2009 Performance

Real GDP in the St. John's Census Metropolitan Area (CMA) declined by 7.3% in 2009 due to a substantial decrease in offshore oil production. In comparison, real GDP declined 10.2% for the province as a whole. The decline was primarily due to a 22% reduction in provincial offshore oil production, much of which is allocated to the St. John's CMA, where most of the offshore workers reside. Despite the contraction in oil production and negative effects from the global recession, several industries managed to post moderate gains in 2009, most notably: public administration; health care and social assistance; construction; educational services; and retail trade.

Excluding the oil and gas industry, the St. John's CMA's real GDP increased by 0.5% in 2009. Other economic measures, such as employment and housing starts, indicate that the St. John's CMA outperformed most other CMAs in Canada in 2009. Among the 27 CMAs in Canada, St. John's ranked fifth in terms of employment growth and sixth in terms of housing starts growth.

Employment in the CMA increased 0.7% (or 700) to 99,200, while the labour force increased 1.3% (or 1,400) as the area experienced significant net in-migration. Since labour force growth was greater than employment growth the unemployment rate increased by 0.5 percentage points to 8.3%. Personal income increased 7.4% to $7.0 billion, driven by employment gains and wage increases. The strong growth in personal income, employment and population – in combination with high levels of consumer confidence – resulted in exceptionally strong growth in retail sales. Retail sales increased 4.3% to $3.1 billion. Housing starts decreased 8.6% to 1,703 units, but remained at high levels in an historical context. The residential construction industry was also buoyed by an increase in renovation expenditures due to federal tax credit programs.

In 2009, the St. John's CMA recorded its eighth consecutive annual population increase and the largest population increase since 1997. As of July 1, the population of the St. John's CMA was 187,596.

Outlook for 2010

Real GDP in the St. John's CMA is expected to increase by 0.1% in 2010, in comparison to an increase of 4.0% for the province as a whole. This weak performance is due to another reduction in offshore oil production. Oil production is expected to total 86.4 million barrels in 2010, down roughly 12% from its 2009 level. Excluding the oil and gas industry, the CMA's real GDP growth in 2010 would be 3.6%. Notwithstanding the decline in offshore oil production and real GDP, increases in government spending, strong wage gains, tax cuts and general consumer and business optimism with respect to future mega-projects will continue to boost local economic activity. Many industries (i.e. professional, scientific and technical services; construction; finance, insurance, real estate and leasing; information, culture and recreation; and wholesale and retail trade) are expected to exhibit strong growth this year.

Employment is forecast to increase 2.5% in 2010, driven mainly by gains in construction; professional, scientific and technical services; wholesale and retail trade; and finance, insurance, real estate and leasing. These employment gains, in combination with increases in wages and salaries, are expected to boost personal income by 5.4%. Retail trade growth is expected to increase by 6.4% in tandem with income growth. Housing starts are expected to increase 2.8% to 1,750 units driven by strong population and income growth.

The population of the St. John's CMA is expected to increase 1.5% in 2010 to 190,412 due to continued strong net in-migration.

Economic Indicators
St. John's Metropolitan Area 2009–2010

	2009	2010f	% Change
Real GDP (2002$M)	9,399	9,405	0.1%
Employment	99,200	101,700	2.5%
Labour Force	108,200	110,400	2.0%
Unemployment Rate	8.3	7.9	-0.4 pp
Participation Rate	68.7	68.9	0.2 pp
Personal Income ($M)	7,006	7,387	5.4%
Retail Trade ($M)	3,122	3,322	6.4%
Housing Starts	1,703	1,750	2.8%
CPI (2002=100)	114.7	117.2	2.2%
Population	187,596	190,412	1.5%

ST. JOHN'S
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM & CULTURE

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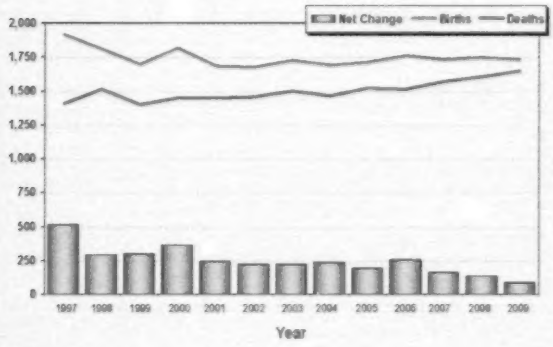
St. John's Census Metropolitan Area Demographics

Natural Population Change

Total births in the St. John's Census Metropolitan Area (CMA) declined steadily from 1987 to 2001[1], falling roughly 30% to approximately 1,700 in 2001. However, since 2001 births have stabilized and in 2009 there were 1,730 children born in the St. John's CMA. Over the same time period deaths in the CMA rose steadily. From 1987 to 2009 deaths in the region increased by roughly 40% – reaching 1,646 in 2009.

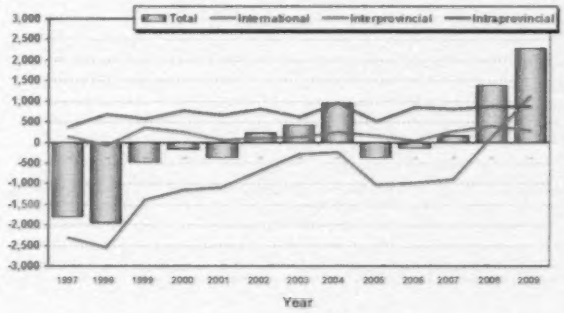
Natural Population Change



Migration

The St. John's CMA experienced strong net in-migration from 1987 to 1993 as gains in intraprovincial (within province) and international migration more than offset consistent losses through interprovincial (between provinces) out-migration. Starting in 1994 interprovincial out-migration began to pick up, outpacing intraprovincial and international net in-migration and resulting in annual net losses in population from the region. This net out-migration was most pronounced in 1997 (1,795) and 1998 (1,962). This trend continued through to 2001. Recently, interprovincial migration trends have turned from net losses to net gains. This, combined with continued net gains from international and intraprovincial migration, means total net migration has turned significantly positive. 2007 saw a net in-flow of 160 migrants. In 2008 that jumped to 1,386. That trend continued in 2009 with total net in-migration climbing to 2,278. Intraprovincial and international migration flows have been positive in almost every year since 1986. Thus, the fluctuations in net migration flows have primarily been driven by interprovincial migration.

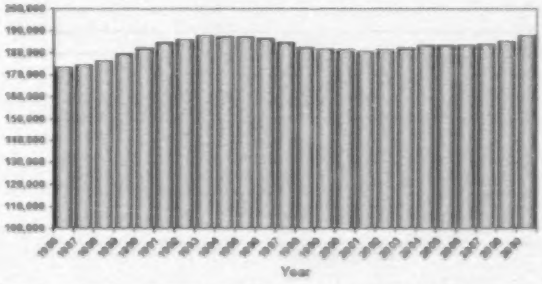
Net Migration



Total Population

From 1986 to 1993 the St. John's CMA experienced an 8.3% increase in population as natural population gains and intraprovincial in-migration more than offset interprovincial out-migration losses. From 1994 to 2001, however, interprovincial out-migration experienced a significant increase, resulting in a 3.9% decline in population. Since 2001 the population has stabilized above 180,000. Recent strength in both intraprovincial and interprovincial in-migration has led to significant population gains. In 2008 the population rose 0.8% to 185,234 and in 2009 it climbed another 1.3% to 187,596. Provincially 2008 saw no population growth, while 2009 saw only 0.5% growth. Further population growth in the CMA is expected in 2010 and beyond.

Total Population



[1]Statistics Canada CMA population data from 1996-2009 is not consistent with data reported prior to 1996, making directed comparisons between population levels and flows difficult between the two time periods. **Source: Statistics Canada; CMHC; Department of Finance Note:** The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities.